

RISK MANAGEMENT

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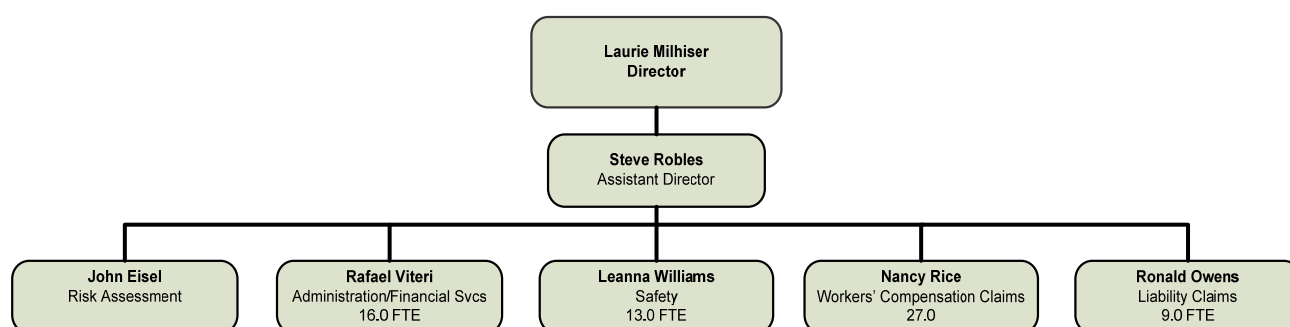
MISSION STATEMENT

Risk Management seeks to minimize the frequency and severity of financial loss to the County through a coordinated Enterprise Risk Management Program which includes identification and assessment of exposures that can result in loss, effective risk reduction and loss prevention programs for identified risks, aggressive claims management, and fiscally responsible risk financing and recovery.

STRATEGIC GOALS

1. Minimize risk management costs and stabilize premiums charged to county departments by utilizing strategies that enable the department to manage the various funds in the most cost-effective manner.
2. Improve customer service by providing interactive communication of risk management data.

ORGANIZATIONAL CHART



SUMMARY OF BUDGET UNITS

2007-08				
	Operating Exp/ Appropriation	Revenue	Revenue Over/ (Under) Exp	Staffing
<u>Internal Service Funds</u>				
Operations	7,082,321	7,082,321	-	72.0
Insurance Programs	70,334,073	106,326,183	35,992,110	-
Total Internal Service Funds	77,416,394	113,408,504	35,992,110	72.0

Detailed information for each budget unit follows, along with a description of the services provided, budget unit history and applicable performance measures.

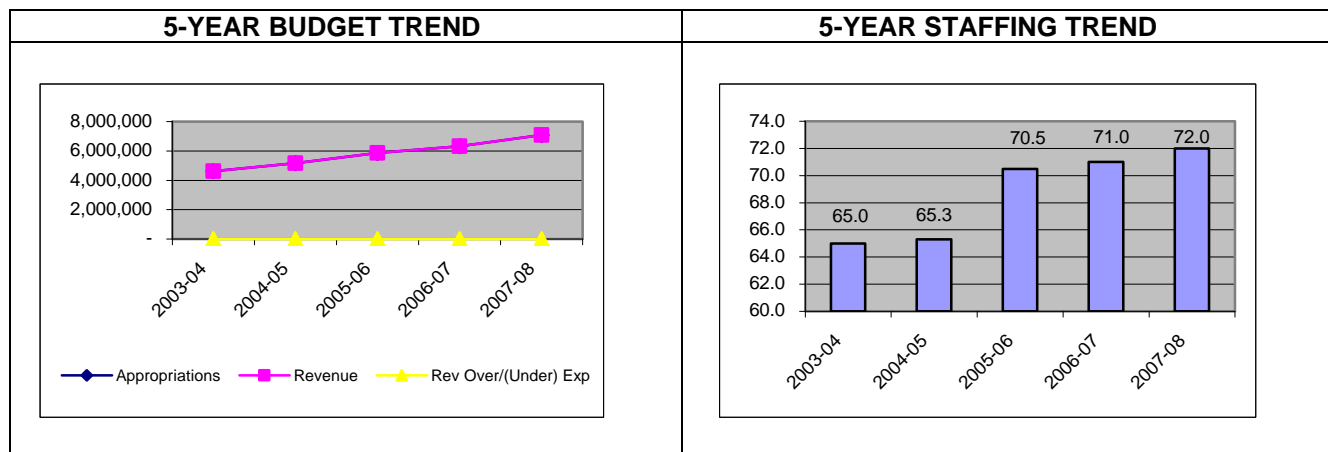


Operations

DESCRIPTION OF MAJOR SERVICES

Risk Management administers the county's self-insured workers' compensation, public liability, property conservation, safety and risk reduction programs and its insured programs. All programs are paid from self-insurance funds and financed by charging general fund and non-general fund departments, as well as Board-Governed Special Districts and County Service Areas. Each is billed for their specific coverage for the cost to pay losses under the self-insured programs and the cost of insurance for the insured programs.

BUDGET HISTORY



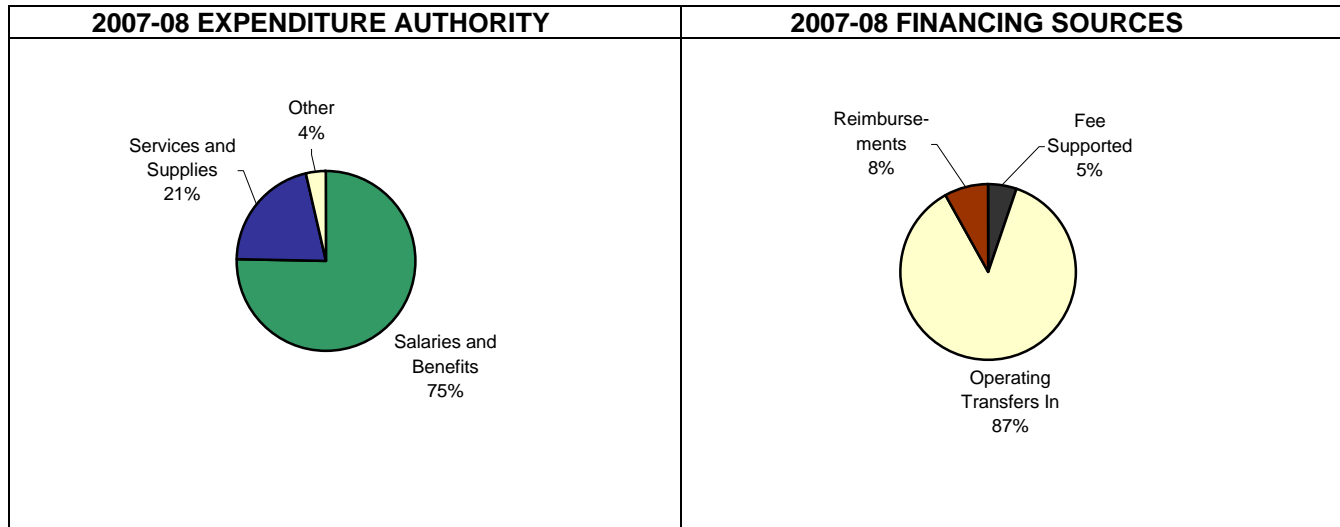
PERFORMANCE HISTORY

	2003-04 Actual	2004-05 Actual	2005-06 Actual	2006-07 Modified Budget	2006-07 Estimate
Appropriation	4,958,155	4,832,121	5,425,784	6,320,807	7,896,977
Departmental Revenue	4,810,196	5,309,472	6,220,413	6,320,807	6,701,807
Revenue Over/(Under) Exp	(147,959)	477,351	794,629	-	(1,195,170)
Budgeted Staffing				71.0	
Fixed Assets	-	-	-	10,000	9,800
Unrestricted Net Assets Available at Year End	(67,646)	401,845	1,196,474		490,386

In 2006-07, estimated appropriation is greater than budget as a result of increased property and aircraft liability insurance costs. The Operations budget unit is primarily funded through operating transfers from the insurance funds. These transfers are processed based on budgeted amounts, and if the Operations program does not spend all of their appropriation in a fiscal year, there is a year-end cash surplus. In 2006-07 an unbudgeted operating transfer out in the amount of \$1.73 million was processed to transfer unspent funds back to the insurance funds.



ANALYSIS OF PROPOSED BUDGET



GROUP: Administrative/Executive
DEPARTMENT: Risk Management
FUND: Operations

BUDGET UNIT: IBP RMG
FUNCTION: General
ACTIVITY: Other General

	2003-04 Actual	2004-05 Actual	2005-06 Actual	2006-07 Estimate	2006-07 Final Budget	2007-08 Proposed Budget	Change From 2006-07 Final Budget
<u>Appropriation</u>							
Salaries and Benefits	3,839,085	4,020,374	4,834,570	5,312,073	5,458,150	5,806,517	348,367
Services and Supplies	856,019	1,164,104	1,076,892	1,379,294	1,187,047	1,542,389	355,342
Central Computer	36,273	45,531	53,105	62,597	62,597	70,176	7,579
Transfers	143,469	161,389	28,391	32,181	32,181	33,234	1,053
Total Exp Authority	4,874,846	5,391,398	5,992,958	6,786,145	6,739,975	7,452,316	712,341
Reimbursements	(515,265)	(559,277)	(575,022)	(619,168)	(619,168)	(619,995)	(827)
Total Appropriation	4,359,581	4,832,121	5,417,936	6,166,977	6,120,807	6,832,321	711,514
Depreciation	-	-	7,848	-	-	-	-
Operating Transfers Out	598,574	-	-	1,730,000	200,000	250,000	50,000
Total Requirements	4,958,155	4,832,121	5,425,784	7,896,977	6,320,807	7,082,321	761,514
<u>Departmental Revenue</u>							
Use Of Money and Prop	49,183	58,235	129,059	124,000	95,000	130,000	35,000
State, Fed or Gov't Aid	1,925	721	8,191	-	-	-	-
Current Services	439,869	366,041	470,720	395,000	375,000	400,000	25,000
Total Revenue	490,977	424,997	607,970	851,000	470,000	530,000	60,000
Operating Transfers In	4,319,219	4,884,475	5,612,443	5,850,807	5,850,807	6,552,321	701,514
Total Financing Sources	4,810,196	5,309,472	6,220,413	6,701,807	6,320,807	7,082,321	761,514
Rev Over/(Under) Exp	(147,959)	477,351	794,629	(1,195,170)	-	-	-
Budgeted Staffing					71.0	72.0	1.0
<u>Fixed Assets</u>							
Equipment	-	-	-	9,800	10,000	15,000	5,000
Total Fixed Assets	-	-	-	9,800	10,000	15,000	5,000



Salaries and benefits of \$5,806,517 fund 72.0 positions and are increasing by \$348,367 primarily resulting from increases in workers' compensation charges, and other costs associated with MOU and retirement rate adjustments, the mid-year reclassification of 3.0 positions resulting in costs of \$32,778, and the addition of 1.0 Staff Analyst II to coordinate the county's American's with Disabilities Act (ADA) program. This function was previously performed by a Human Resources Analyst and will entail the provision of consistent services to the disabled community, identifying and removing barriers, contract management with ADA experts, litigation support with County Counsel, management reporting, and maintaining accurate recordkeeping practices. In addition, the department requests the following reclassifications:

- Fiscal Assistant (pay range 31) to a Payroll Specialist (pay range 33) to manage the department's payroll functions previously performed by the Human Resources Department.
- Supervising Liability Claims Rep and a Supervising Workers Comp Adjuster (pay range 62) to Claims Managers, a new classification (pay range 65), to reflect the additional management roles assumed by these positions.

Services and supplies of \$1,542,389 include costs for general office expenses, training, and information technology services. The increase of \$355,342 is a result of the COWCAP allocation increase from \$812,792 to \$1,055,140, anticipated equipment replacement, and inflation.

Transfers of \$33,234 represent costs for human resources programs including Employee Health and Productivity, Employee Benefits, and employee relations services.

Reimbursements of \$619,995 include reimbursements from the insurance funds for 6.0 Safety Specialists and 1.0 Workers' Compensation Claims Adjuster based on various Board actions.

Operating transfers out of \$250,000 is an estimate of stale dated warrants and payments from previous years.

Revenues of \$530,000 include interest revenue, revenue from the Emergency Medical Services program, and allocations from SB612.

Operating transfers in of \$6,552,321 come from the various insurance funds which are financed through Board approved rates paid by departments, Board-Governed Special Districts, and County Service Areas. The \$701,514 increase reflects the increased costs of program administration including salary and benefit increases due to staffing changes, increased COWCAP charges, equipment replacement and training needs.

Fixed asset equipment of \$15,000 is for the purchase of two servers to support the new automated claims management system.

PERFORMANCE MEASURES			
Description of Performance Measure	2006-07 Projected	2006-07 Estimated	2007-08 Projected
Reduce average cost per Workers' Compensation claim.	<\$17,500	\$17,500	<\$18,500
Reduce average cost per general liability claim.	<\$5,800	\$9,800	<\$10,000
Percentage of verified compliance with contractual insurance requirements.	80%	<50%	80%
Percentage increase of visits to the Risk Management website.	NEW	NEW	50%

